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**TERREBONNE PARISH RECREATION
DISTRICT NO. 2/3
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011**

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JUN 20 2012**

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2011

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TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

This discussion and analysis of the Terrebonne Parish Recreation District No. 2/3 (the District)'s financial performance provides a narrative overview of the financial activities as of and for the fiscal year ended December 31, 2011. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- The net assets increased as a result of this year's operations - by \$240,107 approximately 8.5%. At the end of the year assets exceeded liabilities by \$3,063,250 (net assets).
- During the year, expenses for recreational programs and facility upkeep were \$487,222, a decrease of approximately 9% from the prior year. Revenues generated from these programs were \$25,572. General revenues of ad valorem taxes and revenue sharing increased by over 4% from the prior year and were \$701,757.
- The General Fund reported an ending fund balance of \$1,174,532 of which \$600,000 is committed for contingencies and \$178,000 for capital outlay for recreation operations. The remaining \$396,532 is considered unassigned and available for future operations.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Government-Wide Financial Statements

One of the most important questions asked about finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, to assess the overall health of the District.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

The District utilizes the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Net assets increased from \$2,823,143 to \$3,063,250, approximately 8.5%. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed most of the decrease this year. The balance in net assets represents the accumulated results of all past years' operations.

Our analysis below focuses on the net assets and changes in net assets of the governmental-type activities

Condensed Statement of Net Assets

	2010	2011	Dollar Change	Percent Change
Current and Other Assets	\$1,591,967	\$2,222,174	\$630,207	39.6%
Capital Assets	1,933,170	1,888,718	(44,452)	-2.3%
Total Assets	3,525,137	4,110,892	585,755	16.6%
Current Liabilities	701,994	1,047,642	345,648	49.2%
Total Liabilities	701,994	1,047,642	345,648	33.0%
Invested in Capital Assets	1,933,170	1,888,718	(44,452)	-2.3%
Unrestricted	889,973	1,174,532	284,559	32.0%
Total Net Assets	\$2,823,143	\$3,063,250	\$240,107	8.5%

Program expenses decreased by more than 9% while program revenues also decreased by approximately 20%. General revenues for the governmental activities increased by a little over 4%.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Condensed Statement of Activities

	2010	2011	(Decrease)	Change
Total program expenses	\$(536,043)	\$(487,222)	\$ (48,821)	-9.1%
Total program revenues	32,188	25,572	(6,616)	-20.6%
Net program income	(503,855)	(461,650)	42,205	8.4%
General revenues	672,951	701,757	28,806	4.3%
Change in Net Assets	169,096	240,107	71,011	<100%
Net Assets:				
Beginning of the year	2,654,047	2,823,143	169,096	6.0%
End of the year	<u>\$2,823,143</u>	<u>\$3,063,250</u>	<u>\$ 240,107</u>	<u>8.5%</u>

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

During the year the District implemented GASB Statement 54, which pertains to the classifications of fund balance. Fund balance is classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board through approval in minutes. Assigned fund balance is a limitation imposed by a designee of the Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

The General Fund reported an ending fund balance of \$1,174,532 of which \$600,000 is committed for contingencies and \$178,000 for capital outlay for recreation operations. The remaining \$396,532 is considered unassigned and available for future operations.

Total revenues for governmental funds were \$727,329, an increase of approximately 3% from the prior year.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Current expenditures for recreation activities were \$322,514, a decrease of 20% from the prior year. Capital outlay equaled \$62,092, also a decrease from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was revised during the year. Authorized budget amendments were approved as follows:

Original Budgeted Revenues	\$725,000
Amendments were made for:	
Decreased Ad Valorem taxes	(580)
Decreased State Revenue Sharing	(660)
Decreased Local Grant	(10,000)
Increased Concession sales	570
Increased Miscellaneous & Interest	1,255
Total revenue amendments	(9,415)
Amended Budgeted Revenues	\$715,585

Original Budgeted Expenditures	\$480,250
Amendments were made for:	
Decreased ad valorem tax deductions & adjustments	(1,500)
Increased current expenditures	21,950
Increased Capital Outlay	235,000
Total expenditure amendments	255,450
Amended Budgeted Expenditures	\$735,700

Total revenue and expenditure variances from the final amended budget were favorable and in compliance with all state laws.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

CAPITAL ASSETS

Capital assets, net of accumulated depreciation of \$1,505,298, for governmental activities at year-end were \$1,888,718. This year there were no deletions and \$62,092 of additions for improvements and equipment purchases. Depreciation of \$106,542 was recorded on capital assets in the governmental activities. More detailed information about the capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's General Fund budget include:

Condensed Summary of Budgeted Finances

	<u>2012</u>
Anticipated revenues	\$778,000
Expenditures:	
Current	490,500
Capital outlay	<u>8,000</u>
Anticipated expenditures	<u>498,500</u>
Excess of revenues	279,500
Fund Balance:	
Beginning of the year	<u>269,859</u>
End of the year – available for future projects	<u><u>\$549,359</u></u>

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact.

Mr. Gary Beeson
412 Westview
Houma, LA 70364
Phone number 985-868-7321

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Terrebonne Parish Recreation District No. 2/3
Houma, LA

We have audited the accompanying financial statements of the governmental activities and each fund of the Terrebonne Parish Recreation District No. 2/3, a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2011 which collectively comprise the basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Terrebonne Parish Recreation District No. 2/3. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Terrebonne Parish Recreation District No. 2/3 as of December 31, 2011, and the respective changes in financial position for the year then ended, in conformity with auditing standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 17, 2012, on our consideration of the Terrebonne Parish Recreation District No. 2/3's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Required Supplementary Information, as listed in the foregoing table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Stagni & Company

Thibodaux, Louisiana
May 17, 2012



TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Statement of Net Assets

December 31, 2011

ASSETS

Cash	\$ 1,207,416
Investments	9,048
Ad Valorem taxes receivable	104,747
Due from other governments	897,699
Due from State of LA	2,185
Due for property damages	1,079
Capital Assets, net of accumulated depreciation	<u>1,888,718</u>
TOTAL ASSETS	<u>\$ 4,110,892</u>

LIABILITIES

Accounts payable	\$ 2,012
Due to other governments	337
Deferred revenue	<u>1,045,293</u>
TOTAL LIABILITIES	<u>1,047,642</u>

NET ASSETS

Invested in capital assets, net of related debt	1,888,718
Unrestricted	<u>1,174,532</u>
TOTAL NET ASSETS	<u>\$ 3,063,250</u>

See notes to financial statements

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Statement of Activities - Governmental Activities

For the Year Ended December 31, 2011

	Program Revenue		Net (Expense) Revenue
	Expenses	Charges for services	Operating Grants
FUNCTIONS/PROGRAMS			
Recreational activities.	\$ 487,222	\$ 25,572	\$ -
Total governmental activities	<u>\$ 487,222</u>	<u>\$ 25,572</u>	<u>\$ -</u>
GENERAL REVENUES			
Ad valorem taxes			679,781
State revenue sharing			20,343
Interest			1,611
Miscellaneous			22
TOTAL GENERAL REVENUES			<u>701,757</u>
CHANGE IN NET ASSETS			240,107
NET ASSETS:			
Beginning of year			<u>2,823,143</u>
End of year			<u><u>\$ 3,063,250</u></u>

See notes to the financial statements

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Balance Sheet - Governmental Fund - General Fund

December 31, 2011

ASSETS

Cash	\$ 1,207,416
Investments	9,048
Ad Valorem taxes receivable	104,747
Due from other governments	897,699
Due for property damages	1,079
Other	2,185
TOTAL ASSETS	<u>\$ 2,222,174</u>

LIABILITIES AND EQUITY

Accounts payable	\$ 2,012
Due to TPCG	337
Deferred revenue	1,045,293
TOTAL LIABILITIES	<u>1,047,642</u>

FUND BALANCE

Committed by the Board for:	
Capital outlay for Recreation Operations	178,000
Contingencies	600,000
Unassigned	396,532
TOTAL FUND BALANCE	<u>1,174,532</u>

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET
ASSETS:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Add - Capital Assets	3,394,016	
Deduct - Accumulated Depreciation	<u>(1,505,298)</u>	1,888,718
Net assets of governmental activities		<u>\$ 3,063,250</u>

See notes to financial statements

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund - General Fund
For the Year Ended December 31, 2011

REVENUES

Ad Valorem Taxes	\$ 679,781
State Revenue Sharing	20,343
Concession Sales	25,572
Interest	1,611
Miscellaneous	22
TOTAL REVENUES	<u>727,329</u>

EXPENDITURES

General government - current:	
Ad valorem tax deductions	58,853
Ad valorem tax adjustments	44
Total general government - current	<u>58,897</u>
Recreational - current:	
Personal services and benefits	140,247
Supplies & materials	72,946
Other services & charges	32,947
Repairs & Maintenance	76,374
Total current	<u>322,514</u>
Capital Outlay	<u>62,092</u>
TOTAL EXPENDITURES	<u>443,503</u>
Revenues over (under) expenditures	<u>283,826</u>

FUND BALANCES

Beginning of year	<u>889,973</u>
End of year	<u><u>\$1,173,799</u></u>

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES:

Net change in fund balances per above	\$ 283,826
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Add - Capital outlay	\$ 62,092
Misc adjustments to capital assets	731
Deduct - Depreciation expense	<u>(106,542)</u>
Change in net assets - governmental activities	<u><u>\$ 240,107</u></u>

See notes to financial statements

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2011

Terrebonne Parish Recreation District No. 2/3 (the District) is governed by a Board of Commissioners appointed by the Terrebonne Parish Consolidated Government organized under La. Revised Statute 33:4562 (A). The District provides for the construction, improvement, maintenance, and operations of recreation facilities within the boundaries of Recreation District No. 2/3, including the purchase of equipment therefore.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

As the governing authority, the Terrebonne Parish Consolidated Government is the financial reporting entity for Terrebonne Parish. Because the Terrebonne Parish Consolidated Government could by definition in statute be financially burdened by the Terrebonne Parish Recreation District No. 2/3, the District was determined to be a component unit of the Terrebonne Parish Consolidated Government. The accompanying financial statements present information only on the funds maintained by the District and its component unit and do not present information on the Terrebonne Parish Consolidated Government, the general government services provided by that governmental unit, or the other governmental reporting entity.

The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ending December 31, 2011.

C. Basis of Presentation

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are as follows.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Governmental Fund Type

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid.

The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the governmental funds:

General Fund - The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds.

D. Measurement Focus / Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available)

Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Measurement Focus / Basis of Accounting (continued)

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2010 property taxes which were levied to finance the 2011 budget are recognized as revenue in 2011. The 2011 tax levy is recorded as deferred revenue in the current financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

Expenditures – The major expenditures are recorded when payable or when the fees are incurred.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

Program Revenues - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget and a public hearing on the budget prior of adoption. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district amended its budget for the year ended December 31, 2011. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

G. Investments

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations. Investments consist of a certificate of deposit which is stated at cost and approximates market value.

H. Receivables

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

I. Capital Assets

In the government-wide financial statements, additions, improvements and other capital outlays that significantly extend the useful life of an asset are recorded and depreciated (capitalized). Capital assets purchased or acquired with an original cost of \$1000 or more are valued at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives

CATEGORY	LIFE
BUILDINGS AND IMPROVEMENTS	5-40 YEARS
IMPROVEMENTS, OTHER THAN BUILDINGS	5-30 YEARS
EQUIPMENT & FURNITURE	5-20 YEARS
VEHICLES	5 YEARS

In the fund financial statements, capital assets purchased in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

J. Vacation and Sick Leave

Accumulated vacation and sick leave are recorded as expenditures of the period in which paid. Employees earn between 96 to 136 hours of vacation leave, depending on the length of employment. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that employees are to take vacation within one year of being earned, with no carry forward provisions.

Employees earn 56 hours sick leave per year. Unused sick leave cannot be carried forward to future years. There is no material unpaid vacation and sick leave at year-end.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

K. Fund Equity

For government-wide financial statements net assets are classified and displayed in three components:

1. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any
2. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board through approval in minutes. Assigned fund balances is a limitation imposed by a designee of the Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 2 DEPOSITS

A summary of deposits are listed as follows:

	Bank Balance	Reported Amount
Cash	\$1,213,190	\$1,207,416
Certificates of Deposit	9,048	9,048
TOTAL DEPOSITS	\$1,222,238	\$1,216,464

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision.

Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. The District has a written policy for custodial credit risk. As of year-end \$948,795 of the bank balance of deposits was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. The District has pledged securities to secure this risk of \$1,304,607.

The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 3 AD VALOREM TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2008. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2011 was 5 mills of assessed valuation on property within the District for the purpose of constructing, maintaining and operating recreation facilities within the District. Taxes levied November 1, 2011 are for budgeted expenditures in 2011 and will be recognized as revenues in 2011.

Note 4 CAPITAL ASSETS

Information about capital assets and depreciation for the year are summarized as follows:

	Beginning Balance	Additions	Adjustment	Ending Balance
NON-DEPRECIABLE ASSETS				
Land	\$ 285,555	\$ -	\$ -	\$ 285,555
DEPRECIABLE ASSETS:				
Buildings & Improvements	792,949	58,876	1	851,826
Improvements, not building	1,818,917		-	1,818,917
Equipment & Furniture	416,106	3,216	-	419,322
Vehicles	18,396	-	-	18,396
Total Cost of depreciable assets	3,046,368	62,092	1	3,108,461
Total Cost of assets	3,331,923	62,092	-	3,394,016
ACCUMULATED DEPRECIATION				
Buildings & Improvements	456,856	26,578	1	483,435
Improvements, not building	703,644	58,730	-	762,374
Equipment & Furniture	223,351	18,695	-	242,046
Vehicles	14,904	2,539	-	17,443
Total accumulated depreciation	1,398,755	106,542	-	1,505,298
Net depreciable assets	<u>\$ 1,647,613</u>			<u>\$ 1,603,162</u>
Net capital assets	<u>\$ 1,933,168</u>			<u>\$ 1,888,718</u>

Depreciation Expense of \$106,542 was recorded in the governmental activities

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 5 DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units (\$897,699) consisted of the amount due from the Terrebonne Parish Tax Collector for ad valorem taxes collected but not yet remitted at year end. This amount was received and deposited on January 11, 2012

Note 6 RISK MANAGEMENT

The District is exposed to various risks of loss related to workmen's compensation, torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability and workers' compensation and group health, property and auto liability. The premiums for workers' compensation are based on a fixed percentage of payrolls. The premiums for group health insurance are based on a fixed rate per employee. The premiums for auto liability are based on the claims experience, vehicle type and mileage. The premiums for property are based on the District's property value to the total of all the property value covered. The Parish handles all claims filed against the District. No settlements were made during the year that exceeded the District's insurance coverage.

Note 7 COMPENSATION OF BOARD MEMBERS

Compensation was paid to Board Members for the year as follows:

Gary M. Beeson	\$150
Ivy P. Bernard	125
Ralph J. Lirette, Jr.	125
Robert J. Arceneaux	100

\$500

***REQUIRED SUPPLEMENTAL
INFORMATION***

TERREBONNE PARISH RECREATION DISTRICT NO. 2/3

Budget Comparison Schedule - General Fund
For the Year Ended December 31, 2011

	Budgets			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$668,000	\$667,420	\$679,781	\$ 12,361
State Revenue Sharing	21,000	20,340	20,343	3
Local Grant	10,000	-	-	-
Concession Sales	25,000	25,570	25,572	2
Interest	1,000	1,500	1,611	111
Miscellaneous	-	755	22	(733)
TOTAL REVENUES	<u>725,000</u>	<u>715,585</u>	<u>727,329</u>	<u>11,744</u>
EXPENDITURES				
General government - current				
Ad valorem tax deductions	26,500	23,500	58,853	(35,353)
Ad valorem tax adjustments	3,000	4,500	44	4,456
	<u>29,500</u>	<u>28,000</u>	<u>58,897</u>	<u>(30,897)</u>
Recreational - current				
Personal services and benefits	158,750	151,700	140,247	11,453
Supplies & materials	107,000	108,000	72,946	35,054
Other services & charges	80,000	73,000	32,947	40,053
Repairs & Maintenance	100,000	135,000	76,374	58,626
	<u>445,750</u>	<u>467,700</u>	<u>322,514</u>	<u>145,186</u>
Capital outlay	5,000	240,000	62,092	177,908
TOTAL EXPENDITURES	<u>480,250</u>	<u>735,700</u>	<u>443,503</u>	<u>292,197</u>
Revenue over (under) expenditures	244,750	(20,115)	283,826	303,941
FUND BALANCES				
Beginning of year	31,742	790,592	889,973	99,381
End of year	<u>\$ 276,492</u>	<u>\$ 770,477</u>	<u>\$ 1,173,799</u>	<u>\$ 403,322</u>

***REPORTS REQUIRED BY GOVERNMENT
AUDITING STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Commissioners of
Terrebonne Parish Recreation District No. 2/3
Houma, LA

We have audited the financial statements of the Terrebonne Parish Recreation District No. 2/3; a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2011, and has issued our report thereon dated May 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Terrebonne Parish Recreation District No. 2/3's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a remote possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Terrebonne Parish Recreation District No. 2/3's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Commissioners, management the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, LA
May 17, 2012



TERREBONNE PARISH RECREATION DISTRICT NO. 2/3
SCHEDULE OF CURRENT YEAR FINDINGS
For the Year Ended December 31, 2011

Section I - Summary of Auditor's Reports

- The auditor's report expresses an unqualified opinion on the basic financial statements.
- No deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- No instances of noncompliance or other matters under *Government Auditing Standards* were disclosed during the audit of the financial statements.
- No instances of noncompliance under the provisions of Louisiana Governmental Audit Guide were disclosed during the audit of the basic financial statements.
- The District neither received nor expended any federal awards during the year.

Section II - Financial Statement Findings

- There were no financial statement findings during the audit of the basic financial statements.

Section III - Federal Award Findings and Questioned Costs

- There were no federal award findings during the audit of the basic financial statements.

